

Message Text

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ORIGIN OPIC-06

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FM SECSTATE WASHDC

TO AMEMBASSY DACCA

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E.O. 11652: N/A

TAGS: EINV

SUBJECT: BELBAGCO

REF: DACCA 3346

1. BDG DECISION ON BELBAGCO IS NOT ONE THAT USG CAN ACCEPT. LEAVING LEVEL AND MANNER TO EMBASSY'S DISCRETION, OPIC SUGGEST THAT YOU ASSERT THAT THE BDG'S LEGAL ANALYSIS JUSTIFYING THE REJECTION OF THE BELBAGCO CLAIM IS HIGHLY QUESTIONABLE. APPLICATION OF THE PRESIDENTIAL DECREES TO THE FACTS OF THE BELBAGCO CASE IN THE MANNER OUTLINED IN THE JUNE 25 LETTER TO THE MINISTRY OF INDUSTRIES PRODUCES A RESULT CONTRARY TO INTERNATIONAL LAW AND COMMON SENSE EQUITY; THUS THE OPIC CANNOT ACCEPT THIS POSITION. IT SHOULD BE EMPHASIZED THAT PAKISTAN FABRIC LTD. OPERATED WHOLLY WITHIN THE TERRITORY THAT IS NOW BANGLADESH AND HAD NO ECONOMIC CONNECTION WITH WEST PAKISTAN. THE ONLY CONNECTION WITH WEST PAKISTAN WAS NECESSITATED BY THE FILING OF INCORPORATION PAPERS IN KARACHI TO PERMIT THE U.S. COMPANY TO CONDUCT BUSINESS IN

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THE FORM OF A LOCAL CORPORATION. PAKISTAN FABRIC CO.

LTD. WAS A BANGLADESH CORPORATION TO THE EXTENT THAT ANY COMPANY COULD BE PRIOR TO THE CREATION OF THE NEW STATE. THE PRESIDENT'S ORDER NO. 27 OF 1972 NATIONALIZING THE COMPANY LISTS ITS NAME AS "PAKISTAN (BANGLADESH) FABRIC CO., LTD.,, THE ADDITION INDICATING THE CORRECT CHARACTERIZATION.

2. QUESTIONS OF THE NATIONALITY OF THE CORPORATION ASIDE, THE ASSETS WERE BENEFICIALLY OWNED BY A U.S. COMPANY, HELD BY U.S. CITIZENS, AND HAVE BEEN TAKEN BY BANGLADESH FOR ITS OWN PURPOSES. THEREFORE, THE OPIC EXPECTS FULL COMPENSATION TO THE INJURED PARTIES FOR ITS TAKING.

3. FYI. OPIC IS ATTEMPTING TO OBTAIN RELEVANT DOCUMENTS FOR EXAMINATION AND WILL ADVISE THE EMBASSY SOON OF THE NEXT STEP WHICH IT INTENDS TO TAKE. EMBASSY ADVICE IS REQUESTED AS TO WHETHER IT WAS POSSIBLE IN 1961, WHEN COMPANY WAS FORMED, TO FILE INCORPORATION PAPERS IN DACCA AS WELL AS KARACHI. END FYI. KISSINGER

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